

State Representative

**HELEN
SOMMERS**



April 2002

A CRITICAL STEP FORWARD ON TRANSPORTATION

The House and Senate approved major legislation that will begin to meet Washington's transportation needs. There are two major components – a statewide proposal and a regional proposal.

Statewide Proposal

The statewide package goes to the voters in November and, if approved, provides funding for major transportation projects around the state.



Mobility for business, our ports, commuting workers and families in our area will be improved by investments in:

- Alaskan Way Viaduct.
- I-405 east of Lake Washington.
- Extending SR 509 further south past SeaTac.
- Improved access to the Port of Seattle.
- Transit, park & ride lots, passenger only ferries.
- Passenger rail improvements including King St. Station and more runs.

This 10-year plan depends on new revenues:

- 5 cent per gallon gas tax increase the first year, then 4 cents later for a total of 9 cents.
- Increased truck fees.
- 1% tax on vehicle sales.

These taxes begin to replace the revenues repealed when voters approved I-695 two years ago. Boeing has repeated its message that Washington is not competitive with other states for business, and that improving transportation must be a top priority.

Again, the voters will decide on our transportation future.

Regional Proposal

After much debate, the Legislature recognized Puget Sound's gridlock and our need for major investments in mobility projects – highways, overpasses, transit and more. A precedent-setting separate regional plan gives authority to King, Snohomish and Pierce Counties to develop additional regional projects and to put this package to their voters for funding approval.

The three counties may join together or King may partner with one of the others. Projects would include the Viaduct, state highways, key local roads, public transit improvements and rail improvements.

THE SEATTLE MONORAIL

A bill was passed to authorize Seattle voters to build the monorail system and levy taxes to pay the costs. Taxes could include a property tax of \$1.50 per thousand valuation, a vehicle relicensing fee, or a motor vehicle excise tax of up to 2.5%. The already-operating Elevated Transportation Company plans to complete a proposal by summer and possibly place the issue on the November ballot.

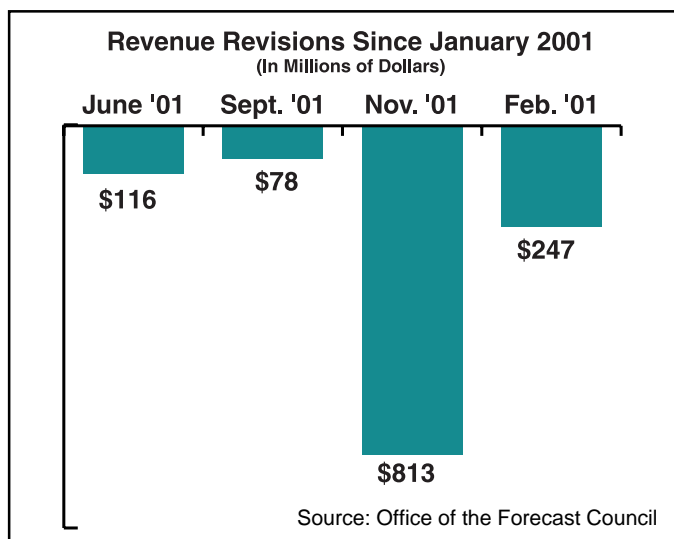
WHAT HAPPENED TO THE STATE BUDGET? ONE CRASHING STORM

When we wrote the state budget late last spring we thought everything that could happen had happened to us – a sliding economy, Boeing headquarters move, drought, energy crisis, an earthquake of 6.8 magnitude.

But then came the tragic events of September 11th and the huge impacts on our economy and our state revenues. It all added up to one crashing storm.

The bar graph tells the story. State revenues plummeted. Washington's economy was especially hard hit – much more than other states – because of our dependence on aircraft production. September 11th struck a devastating blow to travel and the airline industry.

Add to that the increased costs as more children enrolled in our public schools and health care costs for the poor continued to rise, and the Governor and the Legislative were suddenly faced with a huge revenue shortfall.

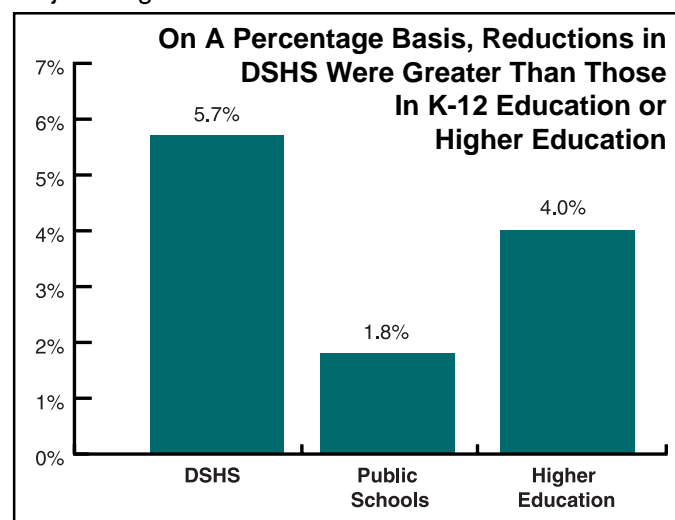


REWRITE A BUDGET WITH LESS INCOME

The 2002 session brought a new role for me. The Democrats picked up one more seat in a special November election and I became House Appropriations Chair (instead of a co-chair role as in the last three years with the 49-49 Democratic-Republican tie). The usual supplemental operating budget year became a major rewrite – and reduction – of our two-year budget approved last spring.

A combination of the loss of revenues and required increases in expenditures (K-12 enrollment and health care costs) resulted in a total budget gap of \$1.5 billion. We responded in several ways, including new revenue, use of reserves and borrowing against a portion of future tobacco settlement receipts.

However, the major adjustment was to reduce spending and make cuts – including closing parks and reducing social services. K-12 education, a whopping 46% of the general fund budget, was the most protected and took the smallest relative reduction. The bar graph below shows the percentage cut taken in major budget areas.



CLOSING THE GAP AND THE TOBACCO SETTLEMENT

We struggled to handle the \$1.5 billion dollar deficit by cutting programs, using reserves, and eliminating tax loopholes. After much debate, we also borrowed against the future revenues from the tobacco settlement – raising \$450 million.

This was a difficult decision. Did I want to do it? No. Did I want to cut another \$450 million in programs? No. Did I want to raise taxes in a recession? No. The decision was to borrow and thus reduce our future tobacco settlement revenues by about 20%.

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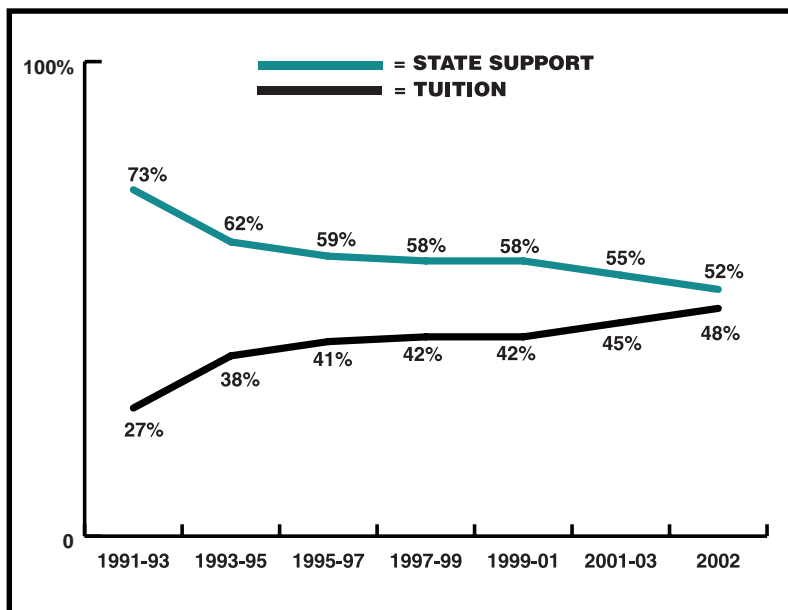
HIGHER EDUCATION BUDGET CUTS

Do you know some one who is attending college or university or who plans to attend in the near future? They are going to find restricted access and sharply rising tuition.

Unfortunately, our higher education system does not enjoy the protection we provide to K-12 public schools. Funding for colleges and universities was cut last year when we approved the two-year budget and again this year in our struggle to bridge the \$1.5 billion budget gap.

Tuition levels will be increased to cover part of the reductions. The attached graph shows how tuition is expected to cover almost 50% of the cost of instruction.

I believe that a strong higher education system is critical to our economic future – we are becoming more and more knowledge-based and the high tech and biotech firms need a highly educated and skilled workforce. The greater part of new jobs are expected to require a four-year or advanced degree. I believe that the double cuts to higher education are the least understood negative to our future economy.



THE SESSION'S BIGGEST FAILURE - PREFERRED DRUG LIST

Drug costs are the fastest growing component of our soaring health care costs. Top priority legislation would have authorized the use of a "preferred drug" list. Private health insurers use this approach – comparing drugs for equal effectiveness and then picking the more cost effective, ie, the least expensive. And we all know how relatively inexpensive drugs are in Canada.

Doctors, pharmacists and the AARP gave strong support to this cost saving effort. Unfortunately the pharmaceutical and biotech industries worked vigorously against the legislation. It was approved by the Senate but died on the House calendar. We lost this critical attempt to slow our rising health care costs. We will try again next year.

EMERGENCY CONTRACEPTION

Hospitals that provide emergency care to sexual-assault victims will now be required to advise the victims about emergency contraception, and provide it if requested. Sometimes called the morning after pill, this is nothing more than a heavy dose of birth control medication.

This birth control method seems to be one of the medical profession's best kept secrets, as relatively few women are aware of it. Advocates argue that more visibility for this alternative would reduce the number of abortions and unwanted births.

STATE LIBRARY

Yes, the State Library lives.

The Governor proposed terminating the State Library as one of many unpopular but necessary cuts to the budget. Then the Library Board made a recommendation to transfer their functions to the office of the Secretary of State and achieve significant savings with a more efficient, merged structure. The Board even recommended abolishing themselves – a practically unheard of event! We took their recommendation with gratitude.

So, the collections and other functions of the State Library will continue, albeit in more efficient form.

HUGE STEP FORWARD - DRUG SENTENCING REFORM

The Legislature approved a “smart on crime” bill by revising drug offender sentencing laws and focusing on treatment instead. For years we have incarcerated – at great expense – individuals convicted of selling small amounts of drugs, frequently valued at less than \$50. Treatment in prison has been limited and often ineffective.


King County Prosecutor Norm Maleng calls the new law “a huge step forward.” Prosecutors, police chiefs and law enforcement officials from around the state asked us to improve and to fund strong structured treatment in local communities, rather than send these low-risk individuals to state prison. These small-time sellers will still be sentenced, but they will have the option of treatment through a structured and monitored program in Drug Court. If they meet the requirements, they avoid prison. If they fail, the court will send them to prison.

For every dollar spent on treatment, \$7.46 is saved on local law enforcement alternatives. A major part of the savings is directed to treatment.

House Appropriations Committee Chair Helen Sommers holding a hearing on the Supplemental Operating Budget.



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